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Supreme Court of the United States

October Term, 1950

CHESTER H. ROTH CO., INC.,
Petitioner,

vs.

ESQUIRE, INC.,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO U. S. COURT OF APPEALS FOR THE SECOND CIRCUIT AND BRIEF IN SUPPORT THEREOF.

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PETITION FOR WRIT OF CERTIORARI TO U. S. COURT OF APPEALS FOR THE SECOND CIRCUIT.

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States.

Your petitioner, Chester H. Roth Co., Inc. prays for review on writ of certiorari of a decision and decree of the United States Court of Appeals for the Second Circuit, whose mandate was issued on March 12, 1951 (R. p. 560).

Summary and Short Statement of Matter Involved.

The decision of the District Court is at pages 519-532 of the record. The appellate decision dated January 17, 1951, is at pages 550-559 of the record.

For convenience, petitioner is designated as "Roth" and respondent is designated as "Publisher".

The petitioner Roth is a manufacturer of men's socks, which it sells under its registered mark "Esquire". The respondent Publisher is the publisher of a magazine, which it sells under its registered title "Esquire".

Both opinions held that Roth's use and registration were about ten years prior to Publisher's use and registration (R. pp. 520, 521, 551, 552).

Petitioner has filed this action to declare the invalidity of a written agreement which was made in 1938 by the predecessors of the parties, relative to said mark "Esquire". This agreement is at pages 401-409 of the record. Roth's predecessor, Nickels & Lauber Inc., is designated therein as "Nickels". Publisher's predecessor, Esquire-Coronet Inc., is designated therein as "E-C, Inc." Under Par. 3 of the agreement (R. pp. 404-405), Roth, at the demand of Publisher, must

> "file suits in any of the courts of the United States against any person, firm or corporation who now uses, or who has heretofore used, or who may hereafter use, the word 'Esquire' or any word confusingly similar thereto, as a trade mark in connection with any article of men's wear, or as a name under which to do a men's wear business, to enjoin such use and for an accounting and damages."

Also, under said Par. 3, Roth, as the successor to Nickels, is compelled at Publisher's demand to file proceedings in the U. S. Patent Office,

> "to prevent the registration of 'Esquire' for goods of the same class to which Nickels applies its said trade mark (note, meaning the trade-mark 'Esquire'), or to cancel any registrations which may have been obtained."

Publisher agreed in Par. 3 to pay the "entire cost" of all such litigations; also to pay "all necessary and reasonable cash disbursements"; also to pay "the costs and damages which may be imposed upon Nickels in any unsuccessful suit thus brought"; and also to pay the fees of the

attorneys employed by Publisher, "to prosecute and file such suits and proceedings". Publisher was given the right "to select the attorneys" who are to represent Roth "in said suits".

Under Par. 3, Roth must file suits and Patent Office proceedings at Publisher's command, even though Roth knows that it has no just claim. Roth cannot settle or discontinue any such suit or proceeding.

Under Par. I of the contract (R. p. 404), Roth's predecessor agreed to limit its use of "Esquire" to men's hosiery, with or without garters attached, men's knitted neckwear, men's scarfs and men's mufflers", even though the "Esquire" registration of said predecessor granted in 1923 without limitation to men's wear, was for

> "hosiery, scarfs, neckties and mufflers, in Class No. 39, Clothing" (R. p. 418).

This restriction of Par. I makes it unprofitable for Roth to sue a manufacturer of "Esquire" men's shirts or "Esquire" women's hosiery or nightgowns at Roth's expense, independently of Publisher's command, because, even if Roth prevails, it cannot expand its "Esquire" business.

The registration of Publisher's predecessor, granted in 1934, which alleges use since 1933, is for "Esquire" for a

> "MONTHLY PUBLICATION, comprised in Class 38, Prints and Publications" (R. p. 441).

Publisher's predecessor secured its "Esquire" registration in 1934, in spite of the earlier "Esquire" registration of Roth's predecessor in 1923, because clothing and a magazine are in respective different classes No. 39 and No. 38, and do not constitute goods "of the same descriptive properties" as required by the statute (*infra*, p. 9).

As above noted, Roth is obligated to prevent the registration of "Esquire" for "goods of the same class" (*supra*, p. 2), even though Par. I of the contract severely restricts Roth's use of "Esquire". Under Patent Office practice, all men's and women's apparel are "goods of the same class", as the goods specified in the registration of Roth's predecessor. It is conceded (R. p. 145, fol. 434) that Roth's predecessor, Nickels & Lauber Inc., at the demand of Publisher's predecessor, prevented the registration of "Esquette" for women's apparel by Vanity Fair Silk Mills. The published decision shows that Vanity Fair Silk Mills tried to register "Esquette" on "vests, panties, bloomers, chemise, slips, bandeaux, gowns and pajamas for women". (*Nickels & Lauber Inc.* v. *Vanity Fair Silk Mills*, 45 U. S. Patents Quarterly 529, decided May 20, 1940.)

When Publisher attempted to block registrations of "Esquire" under its own rights, as a publisher of "Esquire" magazine, it could not prevent or cancel the registration of "Esquire" for sheath prophylactics or shoe polish. (*Esquire Inc.* v. *Crown Rubber Co.*, 55 U. S. Patents Quarterly 347, decided November 19, 1942; *Esquire Inc.* v. *Knomark Mfg. Co.*, 76 U. S. Patents Quarterly 540, decided March 12, 1948.) In each of these cases, the Commissioner held that a magazine and the goods of the applicants were not of the same descriptive properties. In the *Crown Rubber Co.* case, the Commissioner said in 1942,

> "Manifestly applicant's goods and opposer's are of different descriptive properties;"

In the *Knomark* case, the Commissioner said in 1948,

> "Since petitioner cannot claim general trade mark rights applying to all of the products which may be referred to in its magazine, its rights must be considered only in connection with trade with

> which it has been associated (*Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, 1916 C. D. 265; *United Drug Co.* v. *Rectanus Co.*, 248 U. S. 90, 1918 C. D. 369), and the celebrity of its publication does not entitle it to general preclusion of the registration by others in connection with other products."

All that the appellate decision states as to Publisher's good-will in the field of clothing, is that its magazine

> "at first was confined to men's fashions and distributed to men's stores. But it soon was expanded to include matter relating to women's wear and topics of general interest, though from ten to fifteen per cent of it continued to be devoted to men's fashions. It contained a considerable quantity of advertising of which about half was of men's wearing apparel. Its distribution became general and extensive and it acquired a wide and favorable reputation as an authority on men's fashions" (R. p. 552).

The appellate opinion also held that the agreement was not contrary to public policy, because there was not,

> "any purpose on the part of either to foment suits which did not seek to protect a legitimate business interest of its own" (R. p. 557).

It is thus conceded that the agreement is void, unless Publisher had a legitimate business interest of its own to prevent the use or registration of "Esquire", or any word which Publisher thought was similar to "Esquire", in the field of clothing.

Publisher had no legitimate business interest in "Esquire" for clothing, unless it proved that the public thought that "Esquire" clothing was the product of Publisher. There is no such proof or finding.

It was impossible for the public to think that "Esquire" in the clothing field meant Publisher or its "Esquire" magazine. Both opinions stated that Roth had priority of ten years (R. p. 520 and p. 551). The appellate opinion held that beginning in 1922, Roth's predecessor advertised "Esquire" socks,

> "nationally in a modest way and built up a fair national distribution of them" (R. p. 552).

The appellate opinion also held that beginning in 1944, the annual sales of "Esquire" socks by Roth and its predecessor were at least $2,000,000.00 (R. p. 555).

Publisher never had any control over the styles and qualities of these "Esquire" socks.

If Publisher had a legitimate business interest in clothing to justify the contract, the same would be true of liquor, jewelry, television sets, furniture, and any other articles advertised in a popular magazine. Under the decision herein, Publisher could hire prior users of "Esquire" for wine, watches, electrical equipment, etc., to sue and prevent any registration, in their respective fields, of "Esquire" or any word which Publisher thought was similar to "Esquire".

A federal issue has been duly pleaded (Par. 14 of complaint, R. pp. 8-9).

Jurisdiction of the Court to Review the Judgment of the Court of Appeals.

This is found in 28 U. S. C. 1254(1), formerly 28 U. S. C. 346-347. The period of filing this petition is within 28 U. S. C. 2101(c).

28 U. S. C. 1254(1) provides for review from a judgment of a U. S. Court of Appeal,

> "By writ of certiorari granted upon the petition of any party to any civil or criminal case, before or after rendition of judgment or decree;"

28 U. S. C. 2101(c) states as to this application,

> "Any other appeal or any writ of certiorari intended to bring any judgment or decree in a civil action, suit or proceeding before the Supreme Court for review shall be taken or applied for within ninety days after the entry of such judgment or decree."

Jurisdiction to grant the writ is found in,

Great Atlantic & Pacific Tea Co. v. *Supermarket Equipment Corp.*, 340 U. S. 147;

Jungersen v. *Ostby & Barton Co.*, 335 U. S. 560.

Statement of Grounds Upon Which It Is Contended That the Questions Involved Are Substantial, and Questions Presented.

1. There Is Conflict Between the Opinions Herein, Appellate Decisions in the First and Seventh Circuits, a Decision of the Court of Customs and Patent Appeals, the Law of the State of New York, and the Federal Trade-Mark Statute.

The basis of the opinion herein is that Publisher had a legitimate business interest of its own in the field of clothing.

Under decisions in other circuits, the practice of the Patent Office, as affirmed by the Court of Customs and Patent Appeals, the statute, and New York decisions, the matter is governed wholly by the Federal Trade-Mark Statute, which limits the rights of a trade-mark owner to goods "of the same descriptive properties". Publisher had no legiti-

mate business interest herein, any more than if it had adopted "Esquire" for coffee in 1933.

2. Public Interest and Public Policy Are Affected.

Of its own volition Roth might not object to the use or registration of "Esquette" or some other word resembling "Esquire", such as "Escora", for women's nightgowns.

Publisher can hurl Roth against such use or registration, if the user does not advertise in Publisher's magazine.

Publisher is the sole judge as to what is similar to "Esquire".

Anybody who does not conflict with Roth's rights or registration, in Roth's opinion, is entitled to use and register, free from litigation fomented, controlled and paid for by Publisher.

3. The Right to Register Is Governed Solely by Federal Statute. Objection to Registration Can Be Made Only by a Prior User of a Similar Mark Upon Goods of the Same Descriptive Properties.

Publisher could not object to the registration of "Esquette" for apparel.

Its use of Roth for this purpose is contrary to the statute.

4. Even If Publisher Has a Legitimate Business Interest in Clothing, It Cannot Use Roth as a Legal Automaton.

There is no joint ownership of Roth's registration. It is against public policy to permit Publisher to select the suit and to prevent Roth from discontinuing or settling any suit, even if Roth knows that it has no just claim.

5. The Sole Or Essential Purpose of the Contract Is Unlawful and the Contract Is Wholly Void. At Least, It Should Not Be Enforced in Equity.

BRIEF FOR PETITIONER.

Under the statute and appellate federal decisions, Publisher's rights are restricted to a magazine and goods of the same descriptive properties, and do not include clothing. There is no basis for the decree herein, which is based upon the theory that Publisher has rights in the field of clothing. Since each party has a registration, the issues are governed wholly by the Federal Trade-Mark Statute.

The complaint was filed on January 21, 1947, so that it arose under the Trade-Mark Act of February 20, 1905, 33 Stat. 72, *et seq.* Sec. 5 of the 1905 Act, as amended, was formerly 15 U. S. C. A. 85.

The pertinent part of former 15 U. S. C. A. 85 was:

> "That trade-marks which are identical with a registered or known trade-mark owned and in use by another and appropriated to merchandise of the *same descriptive properties,* or which so nearly resemble a registered or known trade-mark owned and in use by another and appropriated to merchandise of the *same descriptive properties* as to be likely to cause confusion in the mind of the public or to deceive purchasers shall not be registered;" (Emphasis supplied.)

The infringement proviso of the Act of 1905 was in Sec. 16 thereof, formerly 15 U. S. C. A. 96.

The pertinent part of Sec. 96 provided for a suit upon a registered mark against

> "any person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy, or colorably imitate any such trade-mark and affix the same to merchandise of substantially the *same descriptive*

> *properties* as those set forth in the registration, * * *" (Emphasis supplied.)
>
> *Philco Corporation* v. *Phillips Mfg. Co.*, 133 F. (2d) 663, C. C. A. 7.

Plaintiff's registered mark "Philco" was for many articles, including lubricators, mechanical refrigerators, radio sets, etc. (p. 673). Defendant used "Phill-Co" for degreasing machines (p. 673). The sole issue was similarity of goods.

As appears at page 665, plaintiff urged infringement of its registered mark, and also,

> "emphasized its claims of common law trade-mark infringement and unfair competition,"

The Court held that *Erie R. Co.* v. *Tompkins*, 304 U. S. 64, did not apply, because a federal registration was involved.

At page 668, it said,

> "we believe it is clear that Congress has the power to legislate upon the substantive law of trade-marks".

At page 670, note 4, it said, referring to Sec. 1 of the former Trade-Mark Law of 1905, 33 Stat. 724, which was in effect at the time that this action was instituted, that "questions of registerability * * * are of course governed by federal law".

At page 672, the Court said:

> "It goes without saying the plaintiff has no action for common law trade-mark infringement under State law. Registration of plaintiff's trade-mark rendered all questions concerning its use and protec-

tion in interstate commerce questions of federal law, and federal law is supreme."

At page 673, the Court quoted from former 15 U. S. C. A. 96, quoted at page 9 herein.

The complaint was dismissed because of lack of similarity of goods. Since each party herein has a registration, this decision controls.

Dwinnell-Wright Co. v. *National Fruit Product Co.*, 140 F. (2d) 618, C. C. A. 1.

This cited and followed the "Philco" case (p. 622).

It held that tea and coffee were not similar to apple products, fruits and vegetable juices.

Page 620:

> "The court below concluded that on the question of infringement of registered trade-marks the applicable law is federal statutory law, and where that is ambiguous or silent, federal case law, and we agree."

At page 621, the Court quoted from the statute and held that infringement of a registered mark required proof of conflicting use on,

> "merchandise of substantially the same descriptive properties".

At page 622, the Court said, quoting from Restatement of Torts,

> "the basic test of trade-mark infringement is whether the goods of the alleged infringer would be supposed by the kind of people who purchase them to emanate from the same source as the goods of the complainant".

Coca-Cola Co. v. *Snow Crest Beverages*, 162 F. (2d) 280, 283, 1st Cir.

The Court again said:

> "the legal test of trade-mark infringement is the same as the legal test of unfair competition and basically that test is the likelihood of common confusion as to the source of the goods".

There is no finding herein that customers think that "Esquire" clothing emanates from Publisher.

> *Meredith Pub. Co.* v. *O. M. Scott & Sons Co.*, 88 F. (2d) 324, Court of Customs & Patent Appeals.

Scott was permitted to register "Better Homes" for grass seed, over the opposition of the publisher of a monthly magazine entitled "Better Homes and Gardens" and known popularly as "Better Homes", which advertised grass seed.

The opposition was dismissed, solely because of lack of similarity of goods.

Page 328:

> "These articles had no similarity of use, appearance, or general character."
>
> *Grzybicki* v. *Friedman*, 269 App. Div. (N. Y.) 368, 374.

Citing the "Philco" case and quoting from *Sola Electric Co.* v. *Jefferson Co.*, 317 U. S. 173, 176, the Court said:

> "To the federal statute and policy, conflicting state law and policy must yield."
>
> "When a federal statute condemns an act as unlawful, the extent and nature of the legal consequences of the condemnation, though left to judicial determination, are nevertheless federal questions, the answers to which are to be derived from the statute and the federal policy which it has adopted."

The same rule as to confusion of origin applies under the present Trade-Mark Statute (15 U. S. C. 1114) which forbids use of a conflicting mark, only if

> "such use is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services;"

In *Trimz Company, Inc.* v. *Trim-Set Corp.*, 88 U. S. Patents Quarterly 160, decided January 16, 1951, the Patent Office refused to find similarity between opposer's metal windows, window frames and doors, and applicant's wallpaper and draperies. The decision stated,

> "it is considered unlikely that purchasers of the one would be deceived into thinking that the same manufacturer produces the other".

In *Graybar Electric Co., Inc.* v. *Brettin Shirt Corp.*, 87 U. S. Patents Quarterly 119, decided October 13, 1950, electrical appliances were held dissimilar to shirts and jackets.

The theory of "merchandise of substantially the same descriptive properties" or confusion "as to source of origin" is that the first user has the right to extend his business to other articles which would be supposed to originate from the first user.

On one hand, Publisher says that Roth can not extend its "Esquire" business, and on the other hand Publisher uses Roth to forbid use and registration by third parties which Publisher can not stop under its own rights.

The Public Interest and Public Policy Are Involved.

The right to register affects the public interest.

> *Merrick* v. *Sharp and Dohme, Inc.*, 88 U. S. Patents Quarterly 145, 7th Cir. U. S. Court of Appeals, decided December 22, 1950.

Page 149:

> "The opposition proceeding before the Patent Office is of an administrative nature. It is held in the interest of the public with the Patent Office as the public's representative.
>
> In such a proceeding the person who files a notice of opposition does not become involved in private litigation with the applicant."

Hence the public interest in involved, as in a patent case, in which it has been held that the public is a third party. (*Precision Inst. Mfg. Co.* v. *Automotive M. M. Co.*, 324 U. S. 806.)

It is against public policy to forbid a litigant to settle.

Jones v. *Pettingill*, 245 Fed. 269, 1st. Cir.

Page 275:

> "As to the stipulation purporting to invalidate any settlement of the contemplated litigation by the client, unless made in the attorneys' presence and with their consent, we can have no hesitation in regarding it as against public policy and void for that reason."

Even if Publisher has a good-will in the field of clothing, it can not hire Roth as a litigant.

In the cases relied upon herein by the District Court and the Court of Appeals, a senior user of a trade-mark settled with a junior user who applied an infringing mark to the same goods or substantially the same goods as those of the senior user, by limiting the field of use of the junior user. Neither party was compelled to sue or to institute

Patent Office proceedings upon the command of the other. In the instant case, Roth is concededly the senior user and Publisher can not utilize Roth's earlier registration and senior rights by litigation and Patent Office proceedings, instigated and controlled by Publisher.

Respectfully submitted,

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BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

The petition for certiorari raises no question of substance. Since the grounds supporting the dismissal of Petitioner's complaint are set forth clearly in the opinions of the Courts below (85 F. Supp. 848; 186 F. 2d 11) we do not repeat them here for the sake of brevity. The opinion of the Court of Appeals for the Second Circuit appears at R. pp. 550-555, and that of the District Court for the Southern District of New York appears at R. pp. 519-530.

Respectfully submitted,

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April 12, 1951.